

BUY

TP: Rs 1,500 | ▲ 19%

HAVELLS INDIA

Consumer Durables

21 July 2022

Short-term margin blip, better road ahead

- Q1 EBITDA margin hit by absence of price hikes, while falling commodity prices hurt profitability in key cables and wires segment
- Sustained aggressive growth strategy and pursuit of market share fueling losses at Lloyd; expect margin to normalise by Q4
- Performance likely to improve in H2 led by cables business and Lloyd margin stabilisation; retain BUY with unchanged TP of Rs 1,500

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Demand soft: HAVL's Q1FY23 revenue grew 63% YoY to Rs 42bn, of which 40% came from volume growth and 10-12% from value growth. The 3Y revenue CAGR for the quarter was at 9-11% in ECD, lighting and switchgears, and higher at 15%/19% for cables & wires (C&W)/Lloyd. HAVL stated that demand was muted as corporates (B2B) held back, B2C business saw deferrals and commodity prices rose.

Margins disappoint: EBITDA margin came in at 8.5% vs. 11.5% estimated primarily due to (i) a softer C&W EBIT margin (7.3% vs. 11.7%/10.9% in Q4FY22/ Q1FY20) stemming from high-cost inventory, and (ii) continued losses in Lloyd (Rs 563mn vs. Rs 215mn in Q4FY22). Gross margin at 28.9% was down 40bps QoQ and 680bps YoY.

Lloyd – aggressive growth strategy at play: Management is pushing for growth at Lloyd at the cost of margins, causing losses to widen. However, this has enabled the company to regain market share in ACs and it now ranks among the top-3 players for H1CY22. Management expects Lloyd's EBIT margin to normalise by Q4FY23 led by softer raw material prices and cushioned by lower price hikes in past two quarters.

No major price hike in Q1: Except for nominal price increases in ECD (fans and small appliances) and switchgears, HAVL did not implement major hikes in Q1FY23. Lloyd walked a tightrope, particularly in ACs, to avoid upsetting demand by raising prices. It also did not effect significant hikes in ACs post the new ratings norms in July.

Capex plan in place: HAVL has exceeded its capacity utilisation threshold for C&W as well as ACs. Management reiterated its previous capex guidance of Rs 7bn-8bn for FY23, which includes Rs 3.5bn for a new AC manufacturing facility, Rs 1.5bn for C&W, and the rest for routine spends.

Maintain BUY: HAVL is a comprehensive play on consumer durables, present across all relevant categories. We believe the company is well positioned for growth and profitability in H2FY23, driven by execution in the C&W business and Lloyd margin normalisation. We lower FY23 EPS 3% post Q1 but continue to value the stock at 53x FY24E EPS, a 10% premium to its 5Y average, for an unchanged TP of Rs 1,500. BUY.

Key changes

| Target | Rating |
|--------|--------|
| ◀ ▶ | ◀ ▶ |

| | |
|------------------|-------------------|
| Ticker/Price | HAVL IN/Rs 1,257 |
| Market cap | US\$ 9.9bn |
| Free float | 41% |
| 3M ADV | US\$ 14.2mn |
| 52wk high/low | Rs 1,504/Rs 1,037 |
| Promoter/FPI/DII | 60%/23%/9% |

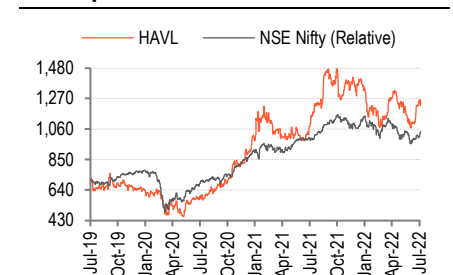
Source: NSE | Price as of 21 Jul 2022

Key financials

| Y/E 31 Mar | FY22A | FY23E | FY24E |
|-------------------------|----------|----------|----------|
| Total revenue (Rs mn) | 1,39,385 | 1,58,387 | 1,78,593 |
| EBITDA (Rs mn) | 17,604 | 21,073 | 25,352 |
| Adj. net profit (Rs mn) | 11,965 | 14,609 | 17,405 |
| Adj. EPS (Rs) | 19.1 | 23.3 | 27.8 |
| Consensus EPS (Rs) | 19.1 | 23.1 | 27.7 |
| Adj. ROAE (%) | 21.4 | 22.5 | 23.0 |
| Adj. P/E (x) | 65.8 | 53.9 | 45.2 |
| EV/EBITDA (x) | 44.7 | 37.4 | 31.1 |
| Adj. EPS growth (%) | 14.6 | 22.1 | 19.1 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

| Particulars (Rs mn) | Q1FY23 | Q1FY22 | YoY (%) | Q4FY22 | QoQ (%) |
|---------------------|--------|--------|----------|--------|----------|
| Revenue | 42,445 | 26,100 | 62.6 | 44,263 | (4.1) |
| EBITDA | 3,615 | 3,553 | 1.8 | 5,199 | (30.5) |
| EBITDA margin (%) | 8.5 | 13.6 | (510bps) | 11.7 | (323bps) |
| Depreciation | 721 | 616 | - | 707 | - |
| Interest | 98 | 110 | - | 191 | - |
| Other Income | 476 | 342 | - | 441 | - |
| PBT | 3,273 | 3,170 | 3.3 | 4,743 | (31.0) |
| Tax | 841 | 812 | - | 1,218 | - |
| Adjusted PAT | 2,432 | 2,358 | 3.1 | 3,525 | (31.0) |
| Exceptional item | - | - | - | 0 | - |
| Reported PAT | 2,432 | 2,358 | 3.1 | 3,525 | (31.0) |
| Adj. PAT margin (%) | 5.7 | 9.0 | (331bps) | 8.0 | (224bps) |
| EPS (Rs) | 3.9 | 3.8 | 3.1 | 5.6 | (31.0) |

Source: Company, BOBCAPS Research

Fig 2 – Actuals vs. Estimates

| Particulars (Rs mn) | Actual | Estimate | Variance (%) |
|---------------------|--------|----------|--------------|
| Revenue | 42,445 | 41,760 | 1.6 |
| EBITDA | 3,615 | 4,802 | (24.7) |
| EBITDA margin (%) | 8.5 | 11.5 | (298bps) |
| Adj. PAT | 2,432 | 3,319 | (26.7) |

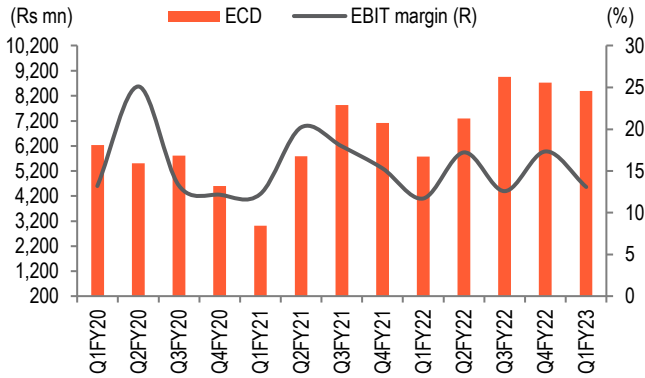
Source: Company, BOBCAPS Research

Fig 3 – Segment-wise performance

| Particulars (Rs mn) | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 | Q1FY23 |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue | | | | | | | | | | | | | |
| ECD | 6,235 | 5,506 | 5,814 | 4,603 | 3,017 | 5,799 | 7,831 | 7,124 | 5,763 | 7,294 | 8,955 | 8,727 | 8,396 |
| Lighting | 2,853 | 2,831 | 3,080 | 2,659 | 1,423 | 2,723 | 3,626 | 3,367 | 2,144 | 3,591 | 4,129 | 4,052 | 3,737 |
| Switch Gears | 3,775 | 3,977 | 3,713 | 3,511 | 1,902 | 3,703 | 4,371 | 4,633 | 3,773 | 4,482 | 4,960 | 4,745 | 5,169 |
| Cables & Wires | 7,785 | 8,213 | 7,121 | 6,823 | 4,611 | 7,847 | 9,052 | 10,292 | 8,072 | 11,440 | 12,058 | 14,881 | 11,929 |
| Llyod Consumer | 6,520 | 1,800 | 3,004 | 4,579 | 3,062 | 2,804 | 5,116 | 5,906 | 4,975 | 3,463 | 4,698 | 9,596 | 10,938 |
| EBIT | | | | | | | | | | | | | |
| ECD | 823 | 1,383 | 770 | 560 | 370 | 1,172 | 1,405 | 1,090 | 676 | 1,257 | 1,128 | 1,515 | 1,100 |
| EBIT margin (%) | 13.2 | 25.1 | 13.2 | 12.2 | 12.3 | 20.2 | 17.9 | 15.3 | 11.7 | 17.2 | 12.6 | 17.4 | 13.1 |
| Lighting | 367 | 785 | 481 | 322 | 38 | 534 | 831 | 698 | 331 | 784 | 874 | 633 | 614 |
| EBIT margin (%) | 12.9 | 27.7 | 15.6 | 12.1 | 2.7 | 19.6 | 22.9 | 20.7 | 15.5 | 21.8 | 21.2 | 15.6 | 16.4 |
| Switchgear | 830 | 1,589 | 875 | 670 | 291 | 1,150 | 1,372 | 1,234 | 1,031 | 1,218 | 1,448 | 1,239 | 1,354 |
| EBIT margin (%) | 22.0 | 39.9 | 23.6 | 19.1 | 15.3 | 31.0 | 31.4 | 26.6 | 27.3 | 27.2 | 29.2 | 26.1 | 26.2 |
| Cables & wires | 845 | 1,510 | 767 | 666 | 366 | 1,118 | 1,026 | 1,528 | 1,262 | 1,153 | 1,256 | 1,734 | 875 |
| EBIT margin (%) | 10.9 | 18.4 | 10.8 | 9.8 | 7.9 | 14.3 | 11.3 | 14.8 | 15.6 | 10.1 | 10.4 | 11.7 | 7.3 |
| Lloyd Consumer | 82 | (42) | (128) | 85 | 64 | 51 | 309 | 318 | 97 | (188) | (429) | (215) | (563) |
| EBIT margin (%) | 1.3 | (2.3) | (4.3) | 1.9 | 2.1 | 1.8 | 6.0 | 5.4 | 2.0 | (5.4) | (9.1) | (2.2) | (5.1) |

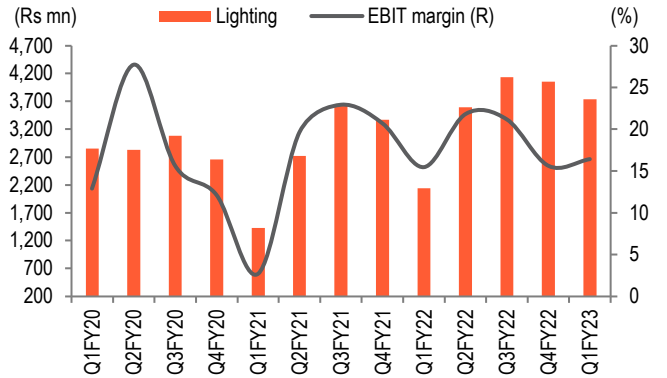
Source: Company, BOBCAPS Research

Fig 4 – Q1 ECD margin under pressure due to soft demand and absence of price hikes



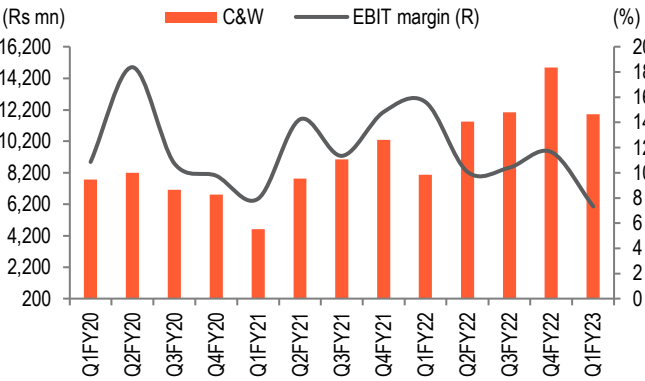
Source: Company, BOBCAPS Research

Fig 5 – Lighting business in good shape



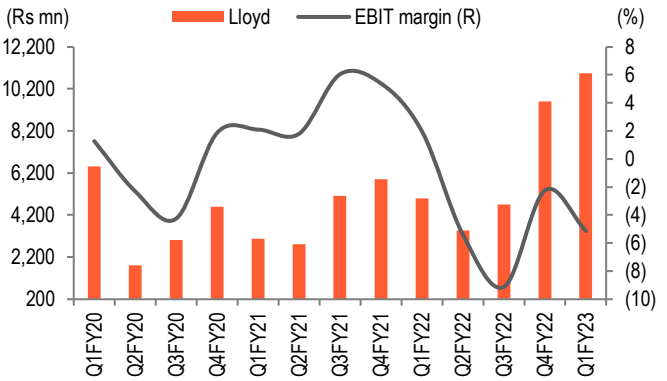
Source: Company, BOBCAPS Research

Fig 6 – C&W margins impacted by high-cost inventory



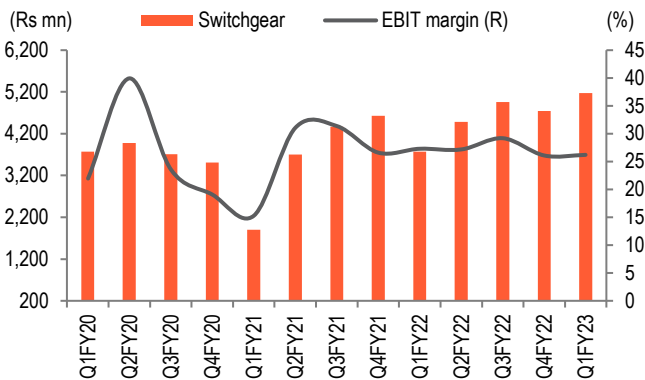
Source: Company, BOBCAPS Research

Fig 7 – Losses widened for Lloyds



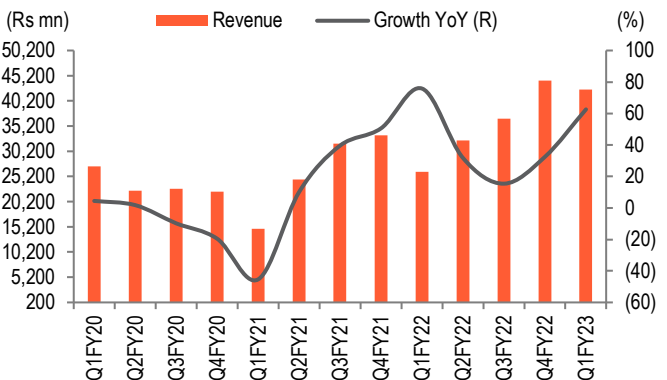
Source: Company, BOBCAPS Research

Fig 8 – Infrastructure revival aided growth in switchgears



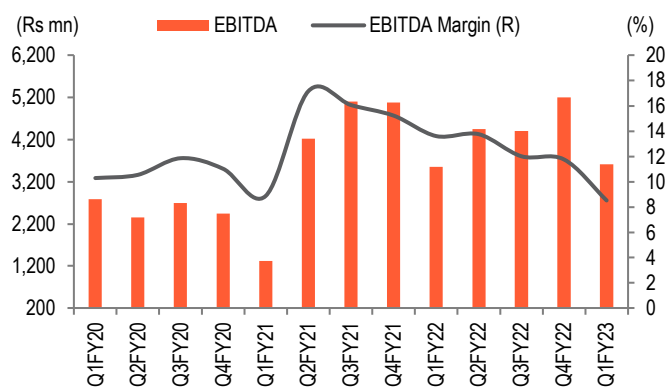
Source: Company, BOBCAPS Research

Fig 9 – Overall revenue partly affected by lower offtake



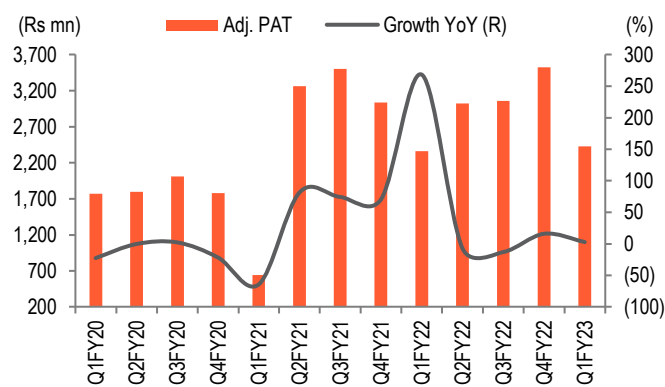
Source: Company, BOBCAPS Research

Fig 10 – EBITDA margin impacted due to muted C&W margin and losses at Lloyd ...



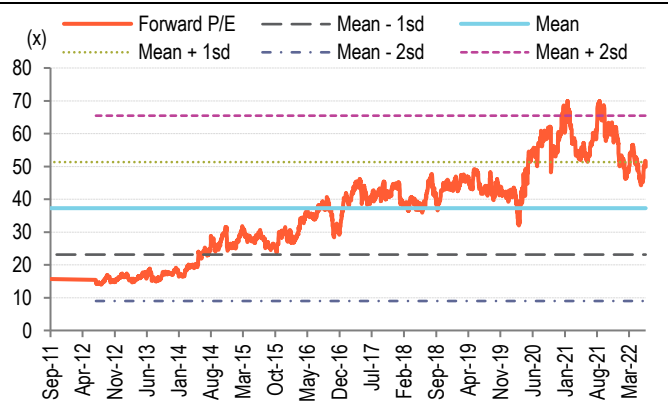
Source: Company, BOBCAPS Research

Fig 11 – ...in turn depleting net profit



Source: Company, BOBCAPS Research

Fig 12 – 1Y fwd P/E: Trading at an attractive price point



Source: Company, BOBCAPS Research

Valuation methodology

HAVL is a comprehensive play on consumer durables and is present across all relevant categories. We believe the company is well positioned for growth and profitability in H2FY23, driven by execution in the cables business and Lloyd margin normalisation. We lower FY23 EPS 3% post the Q1 results but continue to value the stock at 53x FY24E EPS, a 10% premium to its five-year average, for an unchanged TP of Rs 1,500. Maintain BUY.

Fig 13 – Revised estimates

| Particulars (Rs mn) | New | | Old | | Change (%) | |
|---------------------|----------|----------|----------|----------|------------|-------|
| | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E |
| Sales | 1,58,387 | 1,78,593 | 1,58,815 | 1,82,106 | (0.3) | (1.9) |
| EBITDA | 21,073 | 25,352 | 22,324 | 25,753 | (5.6) | (1.6) |
| PAT | 14,609 | 17,405 | 15,080 | 17,473 | (3.1) | (0.4) |
| EPS | 23.3 | 27.8 | 24.1 | 27.9 | (3.2) | (0.4) |
| EBITDA margin (%) | 13.3 | 14.2 | 14.1 | 14.1 | (75bps) | 5bps |

Source: Company, BOBCAPS Research

Fig 14 – Peer comparison

| Company | Rating | Mcap | CMP | TP | Upside | Revenue (Rs bn) | | | | EBITDA (Rs bn) | | | | EBITDA Margin (%) | | |
|----------|--------|---------|-------|-------|--------|-----------------|-------|--------|----------|----------------|-------|-------|----------|-------------------|-------|-------|
| | | (Rs bn) | (Rs) | (Rs) | (%) | FY22 | FY23E | FY24E | CAGR (%) | FY22 | FY23E | FY24E | CAGR (%) | FY22 | FY23E | FY24E |
| VOLT | BUY | 335 | 1,011 | 1,250 | 24 | 79 | 92 | 110 | 18 | 6.8 | 8.3 | 10.9 | 27 | 8.6 | 9.1 | 9.9 |
| BLSTR | HOLD | 96 | 1,000 | 1,200 | 20 | 60 | 70 | 81 | 16 | 3.5 | 4.4 | 5.0 | 20 | 5.7 | 6.2 | 6.2 |
| POLYCAB | BUY | 334 | 2,234 | 3,000 | 34 | 122 | 143 | 162 | 15 | 12.7 | 16.0 | 19.4 | 24 | 10.4 | 11.2 | 12.0 |
| CG | BUY | 244 | 385 | 500 | 30 | 54 | 75 | 85 | 26 | 7.7 | 10.2 | 12.2 | 26 | 14.3 | 13.7 | 14.3 |
| HAVL | Buy | 788 | 1,258 | 1,500 | 19 | 139 | 159 | 182 | 14 | 17.6 | 22.3 | 25.8 | 21 | 12.6 | 14.1 | 14.1 |
| ORIENTEL | HOLD | 62 | 293 | 310 | 6 | 24 | 29 | 34 | 17 | 2.3 | 3.0 | 3.5 | 23 | 9.4 | 10.1 | 10.4 |
| VGUARD | HOLD | 97 | 224 | 250 | 11 | 35 | 40 | 43 | 11 | 3.3 | 4.0 | 4.5 | 16 | 9.5 | 10.2 | 10.4 |
| DIXON | BUY | 234 | 3,944 | 4,600 | 17 | 106.971 | 171 | 220.36 | 44 | 3.8 | 6.4 | 8.4 | 48 | 3.6 | 3.8 | 3.8 |
| AMBER | HOLD | 84 | 2,508 | 3,500 | 40 | 42 | 58 | 74 | 33 | 2.7 | 4.4 | 5.8 | 46 | 6.5 | 7.5 | 7.9 |

Source: Company, BOBCAPS Research

Fig 15 – Peer comparison (contd)

| Companies | PAT (Rs bn) | | | | EPS (Rs) | | | | RoE (%) | | | PE (x) | | |
|-----------|-------------|-------|-------|----------|----------|-------|-------|----------|---------|-------|-------|--------|-------|-------|
| | FY22 | FY23E | FY24E | CAGR (%) | FY22 | FY23E | FY24E | CAGR (%) | FY22 | FY23E | FY24E | FY22 | FY23E | FY24E |
| VOLT | 5.0 | 6.1 | 8.2 | 28 | 15.2 | 18.5 | 24.8 | 28 | 9.6 | 10.6 | 12.6 | 66 | 55 | 41 |
| BLSTR | 1.7 | 2.5 | 2.8 | 29 | 17.4 | 26.3 | 29.0 | 29 | 17.6 | 23.7 | 23.9 | 57 | 38 | 35 |
| POLYCAB | 8.5 | 10.7 | 13.1 | 24 | 56.7 | 71.5 | 87.6 | 24 | 16.2 | 16.2 | 16.2 | 39 | 31 | 25 |
| CG | 5.9 | 7.3 | 9.4 | 26 | 9.3 | 11.6 | 14.8 | 26 | 27.0 | 25.5 | 25.1 | 41 | 33 | 26 |
| HAVL | 12.0 | 15.1 | 17.5 | 21 | 19.1 | 24.1 | 27.9 | 21 | 21.4 | 23.1 | 22.8 | 66 | 52 | 45 |
| ORIENTEL | 1.3 | 1.5 | 1.9 | 23 | 6.0 | 7.1 | 9.0 | 23 | 25.4 | 25.4 | 26.3 | 49 | 41 | 33 |
| VGUARD | 2.3 | 2.7 | 3.1 | 16 | 5.3 | 6.3 | 7.1 | 16 | 17.4 | 17.9 | 17.5 | 43 | 36 | 32 |
| DIXON | 1.9 | 3.5 | 4.8 | 59 | 32.2 | 58.8 | 81.0 | 59 | 22 | 29.8 | 30.3 | 122 | 67 | 49 |
| AMBER | 1.0 | 1.9 | 2.9 | 71 | 30.1 | 57.9 | 87.7 | 71 | 5.8 | 10.4 | 13.9 | 83 | 43 | 29 |

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- failure to normalise Lloyd's EBIT margin, and
- demand slowdown in the cables & wires segment.

Sector recommendation snapshot

| Company | Ticker | Market Cap (US\$ bn) | Price (Rs) | Target (Rs) | Rating |
|--------------------|-------------|----------------------|------------|-------------|--------|
| Amber Enterprises | AMBER IN | 1.1 | 2,520 | 3,500 | HOLD |
| Blue Star | BLSTR IN | 1.2 | 1,000 | 1,200 | HOLD |
| Crompton Greaves | CROMPTON IN | 3.0 | 384 | 500 | BUY |
| Dixon Technologies | DIXON IN | 2.9 | 3,948 | 4,600 | BUY |
| Havells India | HAVL IN | 9.9 | 1,257 | 1,500 | BUY |
| Orient Electric | ORIENTEL IN | 0.8 | 293 | 310 | HOLD |
| Polycab India | POLYCAB IN | 4.2 | 2,230 | 3,000 | BUY |
| V-Guard Industries | VGRD IN | 1.2 | 224 | 250 | HOLD |
| Voltas | VOLT IN | 4.2 | 1,011 | 1,250 | BUY |
| Whirlpool India | WHIRL IN | 2.7 | 1,710 | 2,901 | BUY |

Source: BOBCAPS Research, NSE | Price as of 21 Jul 2022

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY20A | FY21A | FY22A | FY23E | FY24E |
|----------------------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Total revenue | 94,403 | 1,04,573 | 1,39,385 | 1,58,387 | 1,78,593 |
| EBITDA | 10,287 | 15,718 | 17,604 | 21,073 | 25,352 |
| Depreciation | 2,180 | 2,489 | 2,609 | 2,722 | 3,325 |
| EBIT | 8,107 | 13,229 | 14,995 | 18,350 | 22,028 |
| Net interest inc./(exp.) | (197) | (727) | (534) | (585) | (611) |
| Other inc./(exp.) | 1,134 | 1,874 | 1,604 | 1,765 | 1,853 |
| Exceptional items | 0 | 0 | 0 | 0 | 0 |
| EBT | 9,044 | 14,376 | 16,066 | 19,531 | 23,269 |
| Income taxes | 1,688 | 3,932 | 4,101 | 4,922 | 5,864 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 7,356 | 10,443 | 11,965 | 14,609 | 17,405 |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| Adjusted net profit | 7,356 | 10,443 | 11,965 | 14,609 | 17,405 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY20A | FY21A | FY22A | FY23E | FY24E |
|---------------------------------|---------------|---------------|-----------------|-----------------|-----------------|
| Accounts payables | 14,138 | 15,971 | 23,800 | 26,036 | 29,358 |
| Other current liabilities | 7,031 | 10,525 | 10,881 | 12,364 | 13,941 |
| Provisions | 0 | 0 | 0 | 0 | 0 |
| Debt funds | 0 | 4,922 | 3,955 | 3,897 | 4,075 |
| Other liabilities | 6,450 | 5,341 | 6,567 | 7,462 | 8,414 |
| Equity capital | 626 | 626 | 626 | 626 | 626 |
| Reserves & surplus | 42,490 | 51,137 | 59,403 | 68,999 | 81,080 |
| Shareholders' fund | 43,116 | 51,763 | 60,029 | 69,626 | 81,706 |
| Total liab. and equities | 70,735 | 88,523 | 1,05,232 | 1,19,385 | 1,37,495 |
| Cash and cash eq. | 11,325 | 19,591 | 27,014 | 30,372 | 40,460 |
| Accounts receivables | 2,417 | 5,637 | 7,663 | 8,623 | 9,770 |
| Inventories | 18,719 | 26,199 | 29,681 | 33,847 | 38,097 |
| Other current assets | 2,346 | 1,778 | 1,708 | 1,941 | 2,189 |
| Investments | 0 | 0 | 0 | 0 | 0 |
| Net fixed assets | 33,496 | 32,904 | 34,336 | 39,114 | 40,789 |
| CWIP | 861 | 899 | 572 | 650 | 733 |
| Intangible assets | 0 | 0 | 0 | 0 | 0 |
| Deferred tax assets, net | 0 | 0 | 0 | 0 | 0 |
| Other assets | 1,571 | 1,515 | 4,258 | 4,839 | 5,456 |
| Total assets | 70,735 | 88,523 | 1,05,232 | 1,19,385 | 1,37,495 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY20A | FY21A | FY22A | FY23E | FY24E |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash flow from operations | 8,267 | 6,603 | 17,278 | 15,691 | 19,983 |
| Capital expenditures | (3,592) | (1,536) | (2,528) | (7,500) | (5,000) |
| Change in investments | 0 | 0 | 0 | 0 | 0 |
| Other investing cash flows | (1,884) | (6,096) | (5,067) | 237 | 252 |
| Cash flow from investing | (5,477) | (7,632) | (7,595) | (7,263) | (4,748) |
| Equities issued/Others | 242 | 98 | 312 | 0 | 0 |
| Debt raised/repaid | 0 | 14,883 | 0 | (58) | 178 |
| Interest expenses | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | (7,401) | (13,083) | (5,783) | (5,012) | (5,325) |
| Other financing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing | (7,159) | 1,898 | (5,472) | (5,070) | (5,147) |
| Chg in cash & cash eq. | (4,368) | 869 | 4,212 | 3,358 | 10,088 |
| Closing cash & cash eq. | 11,325 | 19,591 | 27,014 | 30,372 | 40,460 |

Per Share

| Y/E 31 Mar (Rs) | FY20A | FY21A | FY22A | FY23E | FY24E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS | 11.7 | 16.7 | 19.1 | 23.3 | 27.8 |
| Adjusted EPS | 11.7 | 16.7 | 19.1 | 23.3 | 27.8 |
| Dividend per share | 4.0 | 6.5 | 7.5 | 8.0 | 8.5 |
| Book value per share | 68.8 | 82.6 | 95.8 | 111.1 | 130.4 |

Valuations Ratios

| Y/E 31 Mar (x) | FY20A | FY21A | FY22A | FY23E | FY24E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales | 8.3 | 7.5 | 5.6 | 5.0 | 4.4 |
| EV/EBITDA | 76.6 | 50.1 | 44.7 | 37.4 | 31.1 |
| Adjusted P/E | 107.1 | 75.4 | 65.8 | 53.9 | 45.2 |
| P/BV | 18.3 | 15.2 | 13.1 | 11.3 | 9.6 |

DuPont Analysis

| Y/E 31 Mar (%) | FY20A | FY21A | FY22A | FY23E | FY24E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT) | 81.3 | 72.6 | 74.5 | 74.8 | 74.8 |
| Interest burden (PBT/EBIT) | 111.6 | 108.7 | 107.1 | 106.4 | 105.6 |
| EBIT margin (EBIT/Revenue) | 8.6 | 12.7 | 10.8 | 11.6 | 12.3 |
| Asset turnover (Rev./Avg TA) | 2.8 | 3.2 | 4.1 | 4.0 | 4.4 |
| Leverage (Avg TA/Avg Equity) | 0.8 | 0.7 | 0.6 | 0.6 | 0.5 |
| Adjusted ROAE | 17.3 | 22.0 | 21.4 | 22.5 | 23.0 |

Ratio Analysis

| Y/E 31 Mar | FY20A | FY21A | FY22A | FY23E | FY24E |
|--|--------|-------|-------|-------|-------|
| YoY growth (%) | | | | | |
| Revenue | (6.3) | 10.8 | 33.3 | 13.6 | 12.8 |
| EBITDA | (13.1) | 52.8 | 12.0 | 19.7 | 20.3 |
| Adjusted EPS | (6.6) | 42.0 | 14.6 | 22.1 | 19.1 |
| Profitability & Return ratios (%) | | | | | |
| EBITDA margin | 10.9 | 15.0 | 12.6 | 13.3 | 14.2 |
| EBIT margin | 8.6 | 12.7 | 10.8 | 11.6 | 12.3 |
| Adjusted profit margin | 7.8 | 10.0 | 8.6 | 9.2 | 9.7 |
| Adjusted ROAE | 17.3 | 22.0 | 21.4 | 22.5 | 23.0 |
| ROCE | 17.6 | 22.0 | 20.5 | 21.9 | 22.4 |
| Working capital days (days) | | | | | |
| Receivables | 9 | 20 | 20 | 20 | 20 |
| Inventory | 72 | 91 | 78 | 78 | 78 |
| Payables | 55 | 56 | 62 | 60 | 60 |
| Ratios (x) | | | | | |
| Gross asset turnover | 2.5 | 2.5 | 3.2 | 3.2 | 3.2 |
| Current ratio | 1.6 | 1.9 | 1.8 | 1.9 | 2.0 |
| Net interest coverage ratio | 41.1 | 18.2 | 28.1 | 31.4 | 36.0 |
| Adjusted debt/equity | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

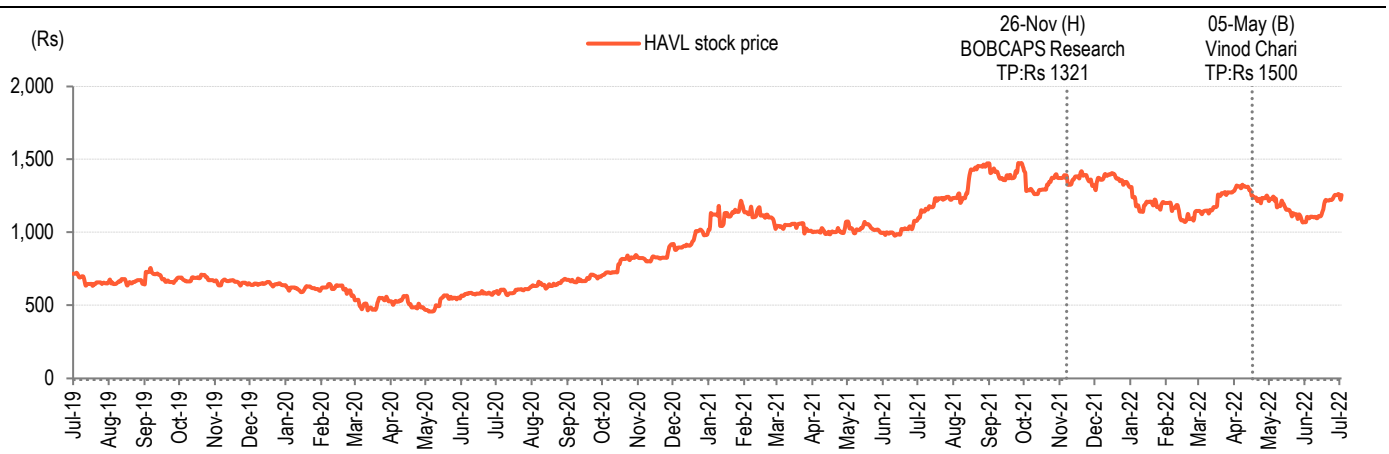
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): HAVELLS INDIA (HAVL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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